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Proposed Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____) Chapter 11
In re:)
) Case No. 12-10202 (____)
EASTMAN KODAK COMPANY, *et al.*,¹)
)
Debtors.)
) (Joint Administration Requested)
)
) Ref. No. 16
)
_____)

NOTICE OF CORRECTED EXHIBIT B TO DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS (A) TO OBTAIN POSTPETITION FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(C)(2), 364(C)(3), 364(D)(1) AND 364(E) AND (B) TO UTILIZE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES PURSUANT TO 11 U.S.C. §§ 361, 362, 363, AND 364, AND (III) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(B) AND (C)

PLEASE TAKE NOTICE that on January 19, 2012, Eastman Kodak Company, et al., (collectively the “Debtors”) filed the Debtors’ Motion for Entry of Interim and Final Orders (I)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Eastman Kodak Company (7150); Creo Manufacturing America LLC (4412); Eastman Kodak International Capital Company, Inc. (2341); Far East Development Ltd. (2300); FPC Inc. (9183); Kodak (Near East), Inc. (7936); Kodak Americas, Ltd. (6256); Kodak Aviation Leasing LLC (5224); Kodak Imaging Network, Inc. (4107); Kodak Philippines, Ltd. (7862); Kodak Portuguesa Limited (9171); Kodak Realty, Inc. (2045); Laser-Pacific Media Corporation (4617); NPEC Inc. (5677); Pakon, Inc. (3462); and Qualex Inc. (6019). The location of the Debtors’ corporate headquarters is: 343 State Street, Rochester, NY 14650.



Authorizing the Debtors (A) to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364, and (III) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the “**Motion**”) [D.I. 16].

PLEASE TAKE FURTHER NOTICE that on January 19, 2012, the Debtors filed the attached amended Exhibit B to the Motion which replaces the version of Exhibit B filed with the Motion.

Dated: January 19, 2012
New York, New York

/s/ Andrew G. Dietderich

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AMENDED EXHIBIT B

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
EASTMAN KODAK COMPANY, et al., ¹)	Case No. 12-10202 (_____)
Debtors.)	(Joint Administration Requested)

**DECLARATION OF MATTHEW J. HART IN SUPPORT OF DEBTORS’ MOTION
FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE
DEBTORS (A) TO OBTAIN POSTPETITION FINANCING PURSUANT TO 11
U.S.C. §§ 105, 361, 362, 363, 364(C)(1), 364(C)(2), 364(C)(3), 364(D)(1) AND 364(E),
AND (B) TO UTILIZE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II)
GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES
PURSUANT TO 11 U.S.C. §§ 361, 362, 363, 364, AND (III) SCHEDULING A FINAL
HEARING PURSUANT TO BANKRUPTCY RULES 4001(B) AND (C)**

Pursuant to 28 U.S.C. § 1746, I, Matthew J. Hart, hereby declare as follows:

1. I am a Director in the Restructuring Group of Lazard Frères & Co. LLC (“Lazard”), which has its principal office at 30 Rockefeller Plaza, New York, New York 10020.

I am authorized to execute this affidavit on behalf of Lazard.

2. I submit this declaration in support of the *Debtors’ Motion For Entry of Interim and Final Orders (I) Authorizing the Debtors (A) to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e), and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, and (II) Granting Adequate Protection to*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Eastman Kodak Company (7150); Creo Manufacturing America LLC (4412); Eastman Kodak International Capital Company, Inc. (2341); Far East Development Ltd. (2300); FPC Inc. (9183); Kodak (Near East), Inc. (7936); Kodak Americas, Ltd. (6256); Kodak Aviation Leasing LLC (5224); Kodak Imaging Networking, Inc. (4107); Kodak Philippines, Ltd. (7862); Kodak Portuguesa Limited (9171); Kodak Realty, Inc. (2045); Laser-Pacific Media Corporation (4617); NPEC Inc. (5677); Pakon, Inc. (3462); and Qualex Inc. (6019). The location of the Debtors’ corporate headquarters is: 343 State Street, Rochester, NY 14650.

Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364, (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the “Motion”).²

3. In forming the opinions set forth herein, I have relied upon and/or considered, among other things, the following: (a) my experience in chapter 11 cases, including with debtor-in-possession (“DIP”) financing facilities; (b) the Motion; (c) the Declaration of Antoinette P. McCorvey Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First Day Pleadings (the “First Day Declaration”); (d) certain of the Debtors’ financial statements and reports; (e) documents related to the proposed DIP financing; (f) certain third party appraisals; (g) Lazard’s analyses regarding the proposed DIP financing and DIP financings in comparable chapter 11 cases; (h) discussions with the Debtors’ management concerning the Debtors’ business and finances; (i) discussions with, and proposals by, prospective sources of DIP financing, including with regard to the proposed DIP financing; and (j) discussions with certain other professionals at Lazard and other advisors to the Debtors.

4. I am authorized to submit this Declaration on behalf of the Debtors. I am not being compensated specifically for this testimony other than through payments received by Lazard as a professional proposed to be retained by the Debtors in these chapter 11 cases. If called upon to testify, I could and would testify to the facts set forth herein.

A. Qualifications

5. Lazard is the U.S. operating subsidiary of an international financial advisory and asset management firm. Lazard, together with its predecessors and affiliates, has been advising clients around the world for more than 150 years. The current managing directors, directors, vice

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

presidents and associates at Lazard have extensive experience working with financially-troubled companies in complex financial restructurings both out-of-court and in chapter 11 proceedings. Lazard and its principals have been involved as advisors to debtors, creditors, equity constituencies and government agencies in many reorganization cases. Since 1990, Lazard's professionals have been involved in over 250 restructurings, representing more than \$1 trillion in debtor assets.

6. Notably, Lazard has been retained as a financial advisor and investment banker in numerous large and complex chapter 11 cases, including, among others, recent chapter 11 cases in the Southern District of New York such as *In re Dynege Holdings, LLC*, Case No. 11-38111 (Bankr. S.D.N.Y. filed Nov. 7, 2011); *In re The Great Atlantic & Pacific Tea Co.*, Case No. 10-24549 (Bankr. S.D.N.Y. filed Dec. 12, 2010); *In re Citadel Broadcasting Corp.*, Case No. 09-17442 (Bankr. S.D.N.Y. filed Dec. 20, 2009); *In re Charter Communications, Inc.*, Case No. 09-11435 (Bankr. S.D.N.Y. filed Mar. 27, 2009); *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (Bankr. S.D.N.Y. filed Sept. 15, 2008); *In re Northwest Airlines, Inc.*, Case No. 05-17930 (Bankr. S.D.N.Y. filed Sept. 14, 2005); and *In re Calpine Corp.*, Case No. 05-60200 (Bankr. S.D.N.Y. filed Dec. 20, 2005).

7. Prior to joining Lazard in 2008, I was a Managing Director at Eos Partners and a partner in the firm's credit investment funds, where I invested in distressed companies in the United States and Europe and assisted in the general management of the funds. From 2001 to 2006, I was employed by Merrill Lynch, most recently as a Vice President and investment analyst in the firm's principal investments area, where I invested in distressed companies on behalf of the firm. Earlier in my career I was involved in the mortgage-backed and asset-backed securities market as a credit analyst and trader.

8. I am a Certified Insolvency & Restructuring Advisor (CIRA) and a Chartered Financial Analyst (CFA). I hold FINRA Series 7 General Securities and Series 63 State Law licenses. I have an M.B.A. in finance and accounting from the University of Chicago Booth School of Business and a B.A. in economics from the University of Michigan. I am a member in good standing of the Association of Insolvency & Restructuring Advisors, the American Bankruptcy Institute, the CFA Institute and the New York Society of Securities Analysts.

9. I have extensive experience as an advisor and investor in corporate restructurings, as well as public and private debt and equity offerings and mergers and acquisitions. I have advised companies, creditors and investors in connection with numerous in-court and out-of-court restructurings and recapitalizations, including Nortel Networks, Lehman Brothers, AMR Corporation, Cooper Standard Automotive, SiriusXM, LNR Property Corp., White Birch Paper and Satélites Mexicanos (“SatMex”). I also have significant expertise in procuring, structuring, and negotiating DIP and exit financing facilities, and have previously submitted declarations and/or affidavits or have had testimony proffered with regards to such financings in SatMex and White Birch Paper.

10. In connection with the proposed use of cash collateral and DIP financing, I participated directly in discussions, due diligence and negotiations with potential sources of DIP financing, including with regard to the proposed DIP facility. In doing so I worked closely with the Debtors’ management, outside counsel and other advisors.

B. Background

11. On July 13, 2011, the Debtors engaged Lazard to advise them with respect to a potential sale of their digital imaging patent portfolio. In the course of this engagement, it became clear that the Debtors’ U.S. liquidity was declining and might reach a critical level

before a sale of the digital imaging patents could be completed. Hence, on September 12, 2011, Lazard's engagement was expanded to encompass a variety of possible strategic, financing and restructuring alternatives, including, if necessary, a restructuring through chapter 11. In the time since, Lazard has assisted the Debtors in exploring and evaluating a number of such alternatives. One such alternative, which was announced publicly and pursued for several months, was an attempt to supplement or replace the Debtors' \$400 million prepetition asset-based revolving credit facility ("ABL") with incremental prepetition first lien financing of up to \$500 million.

12. Unfortunately, for a variety of reasons, such a transaction could not be arranged in an amount that would have provided adequate assurances that a chapter 11 filing could be avoided. This prepetition financing process did, however, provide significant insight into what the Debtors' financing options might be on a postpetition basis. The Debtors determined that seeking a reorganization of their operations under chapter 11 protection might be in the best long-term interests of the Debtors and their stakeholders, and on December 8, 2011, the Debtors authorized Lazard to initiate the process of securing DIP financing to fund a potential filing.

C. The DIP Facility Was Fully Marketed and Negotiated In Good Faith

13. On December 9, 2011, the Debtors and Lazard reached out to eleven (11) parties who were viewed as qualified to provide the Debtors with fully-committed DIP financing in the short timeframe required (the "Potential Financing Parties"). The Potential Financing Parties included five (5) banks which are lenders under the prepetition ABL; two (2) other large global banks, one (1) large global commercial finance company, the lending affiliates of two (2) large asset management firms who had been actively involved in the earlier out-of-court financing process, and Blackstone Advisory Partners ("Blackstone"), as advisor to an ad hoc group (the

“Second Lien Group”) of holders of the Debtors’ 9.75% Senior Secured Notes due 2018 and 10.625% Senior Secured Notes due 2019 (the “Second Lien Notes”).

14. All eleven of the Potential Financing Parties entered into non-disclosure agreements (“NDAs”) with the Debtors and were thereafter granted access to an electronic dataroom that contained public and non-public information provided for their due diligence.

15. On December 14, 2011, representatives of the Debtors, Lazard and the Debtors’ counsel Sullivan & Cromwell met with ten of the Potential Financing Parties to discuss their qualifications and the terms under which they might be willing to provide DIP financing. One of the eleven Potential Financing Parties had previously declined such a meeting, citing the fact that after reviewing the initial due diligence materials, they were unlikely to be willing to commit to any such financing. While several of the Potential Financing Parties expressed interest in committing to some portion of an ABL DIP financing, a more limited number expressed interest in committing to any term DIP financing. Because all of the proposals required the repayment of the Debtors’ \$400 million prepetition ABL, such term DIP financing would be the primary source of incremental liquidity for the Debtors. None of the Potential Financing Parties was willing to commit to postpetition financing on an unsecured or junior secured basis.

16. The Debtors and Lazard actively continued to facilitate the due diligence activities of all of the remaining Potential Financing Parties, on both a formal and ad hoc basis. This included a day of presentations by members of the Debtors’ intellectual property management team, representatives of Lazard, and 284 Partners, LLC³ on the Debtors’ digital imaging patent portfolio, licensing business, and other intellectual property assets on December

³ A digital imaging patent portfolio valuation conducted by 284 Partners, LLC is explained in greater detail in the Declaration of Michael Lasinski filed in Support of the Motion.

19, 2011; a day of management presentations on the Debtors' other operating businesses, financial results and projections on December 21, 2011; and several focused conference calls on selected due diligence topics thereafter.

17. On December 31, 2011, Blackstone, on behalf of the Second Lien Group, provided to the Debtors an indicative, non-binding financing proposal, a significant portion of which would have consisted of a "roll-up" of the prepetition claims of participating holders of Second Lien Notes into postpetition debt. This "roll-up" debt would have significantly increased the interest expense of the DIP financing, been required to be paid in full in cash in the context of any plan of reorganization, and potentially been adverse to the interests of other stakeholders. The non-binding proposal was also contingent on providing certain material non-public information to members of the Second Lien Group and publicly disclosing this information shortly thereafter, which management of the Debtors indicated could have had an adverse impact on the operations of the Debtors. Lastly, a significant portion of the facility was proposed to be provided by an ABL, yet no party was identified as being prepared to provide the ABL.

18. Eventually, three binding commitment letters with associated term sheets were proposed by five of the Potential Financing Parties. The first commitment letter was submitted by Citibank Global Markets Inc. ("Citibank"), and evolved into the proposed DIP facility. The second of the three commitment letters was subsequently withdrawn. The last of the three commitment letters was a joint proposal by three of the Potential Financing Parties. The portion of the financing that would have been fully committed, however, was significantly less than the Citibank proposal and the pricing was meaningfully higher. Upon further discussion, one of the three Potential Financing Parties also expressed doubts as to whether their commitment could be fully approved by the date at which the Debtors were preparing to file for chapter 11.

19. In comparison, Citibank continued to indicate confidence in its ability to fully commit to up to \$1 billion of total postpetition financing within the timeframe required, inclusive of up to a \$300 million ABL and \$700 million term loan. As an existing lender and former administrative agent of the Debtors' prepetition ABL, Citibank is also very familiar with the Debtors' operations and finances, which should increase the likelihood of a successful transaction.

20. Based on responses to key commercial issues identified by the Debtors, Citibank's proposal was judged to provide the most attractive financing option, and the Debtors entered into negotiations with Citibank and their respective advisors on the terms and conditions of the proposed DIP facility. As a result of these negotiations, the Debtors were able to improve upon Citibank's proposals before eventually entering into a commitment for the proposed DIP facility on January 17, 2011. The proposed DIP facility is comprised of a \$250 million ABL (including a \$25 million tranche for a Canadian subsidiary of the Debtors) and up to a \$700 million term loan.

21. Based upon my personal participation, I believe that the Debtors' process of arranging the proposed DIP financing was comprehensive and produced the best available financing option given the circumstances.

C. The Terms of the Proposed DIP Facility Are Reasonable Under Current Market Conditions

22. Due to this extensive marketing process and subsequent negotiations, I believe the terms of the proposed DIP facility are reasonable under current market conditions. Negotiations were informed by precedent DIP financings when possible, as well as the terms under which the Debtors had been offered prepetition financing. As a result, I believe the economic terms of the

proposed DIP facility are generally within the range of other large, broadly-syndicated DIP facilities in recent years.

D. The Prepetition Secured Parties are Protected by a Significant Equity Cushion

23. In addition to the Adequate Protection Liens and the Junior Adequate Protection Liens outlined by the Debtors in the Motion, I believe that the prepetition secured creditors (including holders of the Second Lien Notes) are also protected through the existence of an “equity cushion” in their collateral. Based upon certain third party appraisals, borrowing base certificates and preliminary December 31, 2011 book values of the Debtors U.S. assets as provided by the Debtors⁴, I estimate the value of a portion of the prepetition secured creditors’ collateral at a range of \$3.4 to \$4.3 billion⁵. These amounts are comprised of (a) 284 Partners, LLC’s estimated value range for the digital imaging patent portfolio of \$2.2 to \$2.6 billion⁶; (b) the Debtors’ estimated pro forma domestic cash and equivalents of \$820 million; (c) U.S. accounts receivable valued at an estimated \$142 to \$257 million⁷; (d) U.S. inventory valued at an estimated \$149 to \$369 million⁷; and (e) U.S. machinery & equipment valued at an estimated \$32 to 294 million⁷.

24. This analysis notably does not give any credit to other prepetition collateral such as the Debtors’ globally-recognized and highly reputable brand, stock of certain foreign subsidiaries, or over 9,000 other patents beyond the digital imaging patent portfolio. This

⁴ In performing my analysis, I have relied upon such information without the independent verification thereof and have not conducted any appraisal.

⁵ See analysis attached hereto as Exhibit A.

⁶ The digital imaging patent portfolio valuation, conducted by 284 Partners, LLC, is explained in greater detail in the Declaration of Michael Lasinski filed in Support of the Motion.

⁷ Based upon certain third party appraisals and preliminary December 31, 2011 book values of the Debtors assets as provided by the Debtors.

analysis also does not represent what is likely a materially higher enterprise value for the Debtors as a going concern.

25. As explained in the First Day Declaration, the Debtors have outstanding Second Lien Note claims of approximately \$777 million, inclusive of accrued and unpaid interest up to the chapter 11 filing. Pro forma for a full draw of the \$925 million U.S. portion of the proposed DIP facility, total secured debt would total approximately \$1.7 billion. Even at the \$3.4 billion low end of the valuation range of the selected collateral, there still exists over \$1.6 billion of equity cushion above the estimated \$1.7 billion of pro forma secured debt, equal to 97% of the total pro forma secured debt. Even if one were to remove all of the estimated \$820 million of pro forma cash from the low end of the valuation range, the equity cushion would remain at over \$800 million, equal to 49% of the total pro forma secured debt. At the mid-point and high end of the valuation range the equity cushions are obviously much greater.

E. The Debtors' Request for Interim Authority is Appropriately Sized

26. The Debtors have sought the authority, in the Motion, for up to \$700 million of availability under the proposed DIP facility. This would be comprised of a \$450 million cash draw of the DIP term loan and full availability of the \$225 million U.S. portion of the \$250 million DIP ABL. Based on the Debtors' 13-Week Projections, the Debtors require this amount of liquidity during the next four weeks to meet their working capital needs, including, without limitation, to repay drawings under the prepetition revolving credit facility, cover letters of credit and secured agreements (primarily related to hedging activities), make various restructuring-related disbursements (professional fees, critical/foreign vendor payments, utility deposits, etc.), pay fees, interest and expenses related to the proposed DIP facility, and meet the minimum

liquidity covenant of the proposed DIP facility⁸. The \$225 million U.S. portion of the DIP ABL is only projected to be utilized during the interim period for the unfunded letters of credits and secured agreements and to meet the minimum liquidity covenant; it is not projected to be drawn.

27. I believe that the Debtors' request for interim authority is appropriately sized and tailored to cover their projected liquidity needs pending a final hearing. Absent interim or final approval of the proposed DIP facility, the Debtors' may have to curtail or even terminate their business operations, to the material detriment of all stakeholders.

Conclusion

28. Under current market conditions and the circumstances of these chapter 11 cases, I believe the proposed DIP facility provides financing that is otherwise unavailable to the Debtors on more favorable terms and best meets the Debtors' projected financing needs during these chapter 11 cases, while adequately protecting the collateral of prepetition secured creditors.

29. I declare under penalty of perjury under the laws of the United States of America that I believe the foregoing is true and correct.

New York, New York
Dated: January 19, 2012

By: 

Matthew J. Hart
Director, Lazard Frères & Co LLC

⁸ See analysis attached hereto as Exhibit B.

Exhibit A

ESTIMATED EQUITY CUSHION

(\$ in millions)

	Notes	Preliminary Book Value as of 12/31/2011 ⁽¹⁾	Estimated Collateral Values				
			% of Book Value		Amount		
			Low	High	Low	High	Mid-Point
Prepetition Collateral							
Cash and Equivalents	A	\$820	100.0%	100.0%	\$820	\$820	\$820
Accounts Receivable	B	257	55.3%	100.0%	142	257	200
Inventory	C	369	40.5%	100.0%	149	369	259
Machinery & Equipment	D	294	10.9%	100.0%	32	294	163
<i>Other Assets</i>							
Digital Imaging Patents	E	--	NA	NA	2,210	2,573	2,392
Other Patents (~10,000)	F	NA	NA	NA	--	--	--
Trademarks/Brands	G	NA	NA	NA	--	--	--
Stock of Certain Foreign Subs (65%)	H	NA	NA	NA	--	--	--
Total Prepetition Collateral		\$1,739+			\$3,353+	\$4,312+	\$3,833+
Pro-Forma Secured Debt							
U.S. Portion of Proposed DIP Facility (Fully Drawn)					\$925	\$925	\$925
Estimated 2nd Lien Claims	I				777	777	777
Total Pro-Forma Secured Debt					\$1,702	\$1,702	\$1,702
Estimated Equity Cushion					\$1,651+	\$2,610+	\$2,131+
<i>% of Pro-Forma Secured Debt</i>					<i>97%</i>	<i>153%</i>	<i>125%</i>
Estimated Equity Cushion Excluding Cash and Equivalents					\$831+	\$1,791+	\$1,311+
<i>% of Pro-Forma Secured Debt</i>					<i>49%</i>	<i>105%</i>	<i>77%</i>

(1) Eastman Kodak Company preliminary, unaudited financials as of 12/31/2011.

Notes:

- A) Estimate of U.S. cash and cash equivalents as of the filing date pro-forma for the net proceeds of DIP financing and the repayment of the prepetition ABL facility. Value assumed to be 100% of book value in either scenario.
- B) In the low scenario, accounts receivable ("A/R") estimated value based on \$142mm of eligible U.S. A/R pursuant to the *Eastman Kodak Company and Kodak Canada Inc. borrowing base certificate for the period ending 12/31/2011*. In the high scenario, A/R estimated value at 100% of book value.
- C) In the low scenario, inventory estimated value based on the low selling period net orderly liquidation value ("NOLV") recovery of 52.2% as a percentage of \$286mm of U.S. eligible inventory pursuant to the *Eastman Kodak Company and Kodak Canada Inc. borrowing base certificate for the period ending 12/31/2011*, as determined by Hilco Appraisal Services, LLC ("Hilco") in their estimate of inventory NOLV (*Hilco Inventory Valuation report dated 1/6/2012*). In the high scenario, inventory estimated value at 100% of book value.
- D) In the low scenario, machinery and equipment ("M&E") estimated value based on the NOLV recovery of 10.9% as a percentage of \$294mm of U.S. M&E pursuant to the *Eastman Kodak Company and its restricted subsidiaries borrowing base calculation requirements under the 10.50% Senior Notes due 2017 and 9.75% Senior Secured Notes due March 1, 2018 indentures*, as determined by Hilco in their estimate of M&E NOLV (*Hilco Machinery and Equipment Valuation report dated 12/2/2011*). In the high scenario, M&E estimated value at 100% of book value.
- E) Digital imaging patent portfolio estimated value based on the low and high point of net present value of the Kodak digital imaging patent portfolio valuation report prepared by 284 Partners, LLC (*Project Komodo - IP Due Diligence and Valuation Analysis dated 10/4/2011; subsequently amended on 1/13/2012*).
- F) All patent assets of Kodak other than the digital imaging patents. No attempt has been made to value these assets.
- G) Kodak trademarks and brands. No attempt has been made to value these assets.
- H) Capital stock of certain Kodak foreign subsidiaries. No attempt has been made to value these assets.
- I) Principal value of the 9.75% Senior Secured Notes due 2018 and 10.625% Senior Secured Notes due 2019 plus accrued interest from the most recent coupon payment date until 1/19/2012.

Exhibit B

INTERIM DIP FUNDING ANALYSIS	
Est. Cash Balance at Filing^(a)	\$ 56.7
<u>Est. Non-Debt Related Cash Flow</u>	
Plus: One Month Est. Operating Cash Receipts	
Operating Receipts	\$ 147.5
Net Intercompany Trade Receipts	35.0
Other Receipts ^(b)	0.4
Total One Month Est. Operating Cash Receipts	<u>\$ 182.9</u>
Less: One Month Est. Operating Cash Disbursements	
General Disbursements	\$ (177.5)
Payroll Related and Benefits	(68.4)
Other Disbursements ^(c)	(29.6)
Total One Month Est. Operating Cash Disbursements	<u>\$ (275.5)</u>
Less: One Month Est. Restructuring-Related Disbursements	
Professional Fees	\$ (1.0)
Critical/Foreign Vendors	(100.0)
Utilities	(5.0)
Shipping/Warehousing	(20.0)
One Month Est. Restructuring-Related Disbursements	<u>\$ (126.0)</u>
Total Est. Non-Debt Related Cash Flows	\$ (218.6)
Est. Funding Need Pre-Debt Related Disbursements	\$ (161.9)
<u>Refinancing of Prepetition ABL</u>	
Less: Est. Total Pre-Petition ABL Repayment ^(d)	\$ (102.8)
Less: Est. LC/Secured Agreements Outstanding ^(e)	(136.0)
Total Refinancing of Prepetition ABL Payments	\$ (238.8)
Est. Funding Need Pre-DIP and Pre-Min. Liquidity Covenant	\$ (400.7)
Minimum Liquidity Covenant	(175.0)
Est. Funding Need Pre-DIP and Post Min. Liquidity Covenant	\$ (575.7)
Total Est. DIP Fees, Interest and Expenses^(f)	(38.2)
Est. Total Funding Need	\$ (613.8)
<u>Requested U.S. Interim Availability</u>	
U.S. Portion of ABL	\$ 225.0
Term Loan	450.0
Total Requested U.S. Interim Availability	\$ 675.0
Less: DIP ABL Availability Blocker	(25.0)
Est. Liquidity in Excess of Projected Interim Need	\$ 36.2

Note: All estimates taken from Eastman Kodak 13-Week Projections as of January 17, 2012 and estimates are calculated from the period starting January 19, 2012 and ending February 17, 2012.

(a) Estimated ending cash balance on 1/18/2012, per the 13 Week US Cash Flow projections provided by Eastman Kodak on 1/17/2012.

(b) Includes asset sales, intercompany advances and dividends, and other receipts.

(c) Includes silver purchases, EI rebates and miscellaneous disbursements.

(d) Includes estimate of unpaid interest and fees outstanding on the prepetition ABL.

(e) Company estimate of outstanding letters of credit and secured agreements that would detract from availability under the DIP ABL.

(f) Assumes a \$950mm total DIP facility and the full \$250mm ABL and \$450mm of the \$700mm term loan are made available at the interim order.